



COUNCILMEMBER CARL DEMaIO

FIFTH DISTRICT


CITY OF SAN DIEGO

MEMORANDUM

DATE: April 14, 2010

TO: Dave Jarrell, Deputy Chief of Public Works
Lakshmi Kommi, Director of Debt Management

FROM: Tom Aaron, Deputy Chief of Staff, Council District 5

VIA: Councilmember Carl DeMaio 

RE: Follow-Up Questions from April 14, 2010 Budget Committee Meeting

This memo serves as a written submission of the line of questioning from the April 14, 2010 Budget and Finance Committee meeting regarding the Preliminary Official Statement (POS) related to the Lease Revenue Refunding Bonds (Bonds), Series 2010A.

Question 1: How does the City define/interpret the “useful life” of an asset?

Question 1a: Do the values in Attachment 5 of the March 16, 2010 memorandum from management reflect this interpretation?

Question 2: Please describe how the values in Attachment 5 of the March 16 memorandum are determined.

Question 3: Does the interpretation of “useful life” assume that routine maintenance and regularly scheduled repairs are adequately funded and performed on an annual basis?

Question 3a: Or, alternatively, does the “useful life” represent a scenario where no maintenance is performed on the asset until it completely deteriorates and must be replaced?

Question 3b: Will bond proceeds be utilized to fund future maintenance for any of the assets included in the Deferred CIP list? Assuming the answer is “no,” how is future routine maintenance of these assets planned to be funded?

Question 4: What source of information is behind the remarks made at the hearing regarding the increasing nature of maintenance costs as assets age (e.g. the City’s experience, authoritative sources, etc.)?



Question 4a: Does the answer to Question 4 change if sidewalks and storm drains are considered exclusively?

Question 5: Will all of the projects in the deferred maintenance CIP list¹ be in brand new condition upon the completion of the project? In other words, do all of these projects consist of fully replacing completely deteriorated assets? (Note: exempt projects that consist only of design work in anticipation of future action.)

Question 5a: Or, alternatively, will some of the projects on the list improve the condition of assets to some level inferior to brand new? (Using the "Overall Condition Index" to provide a general example, such a repair could include an improvement that increases an asset from "Poor" to "Fair" condition.)

Thank you in advance for your responses.

CC: Honorable Mayor and City Councilmembers
Independent Budget Analyst

¹ See March 15, 2010 City Council Docket. Item 150, Attachment A: *Changes to the FY 2009 Deferred Maintenance Projects List.*